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**EDUCATION**

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# RETURN OF TITLE IV FUNDS

## - back to the basics

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Session #17 a



## *When is R2T4 applicable?*

- When the student begins class & then ceases enrollment prior to the scheduled end of the payment period or period of enrollment
- Otherwise;
  - If the student never established eligibility, all the TIV funds must be returned (see 34 CFR 668.21, 682.604(d)(3) or (4), & 685.303(b)(3)).

## ***What happens when a student withdraws?***

- Determine whether the “required to take attendance” or “NOT required to take attendance” rules are applicable.
- Determine withdrawal date.
- Determine amount student earned.
  - (Don’t include FWS or the non-Federal share of FSEOG.) (Include amounts that were **or** could have been disbursed.)
- **EITHER**
  - Return unearned funds to Title IV programs, **or**
  - Pay student post-withdrawal disbursement.

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## ***Withdrawal date (inst. req'd to take attendance –668.22(b))***

- **NEW!** If an outside entity has a requirement, as determined by the entity, that the institution must take attendance.
- Last date as determined by attendance records.
- Institution must document withdrawal date.
- Applicable to those who cease attendance, **or** do not return from leave of absence.



## ***Withdrawal date (attendance taking not required 668.22(c))***

- Date student began withdrawal process
- Date student otherwise provided official notification
- Mid-point of PP or Period Of Enrollment
- Date institution determines illness, accident grievous personal loss, etc. occurred
- Date of leave of absence, **or**
- Last date at an academically related activity

## ***PP or POE***

- For a **standard term based program**, **MUST** use payment period (PP).
- For a **non-term based or non-standard term program**, use payment period or period of enrollment (POE).
- For a **non-term or non-standard term based program**, an institution must consistently use either a PP or POE for all students (in a category) in a particular program.



## **% *Earned***

- For credit hour programs, it =  
$$\frac{\text{calendar days* completed}}{\text{calendar days* in the period}}$$
  
\* except inst. scheduled breaks of 5 consecutive days or more
- For clock hour programs, it =  
$$\frac{\text{clock hours completed}}{\text{clock hours in the period}}$$
  
(OR)  
$$\frac{\text{clock hours scheduled}}{\text{clock hours in the period}} \quad (\text{if } \geq 70\%)$$

**Note: Excused absences are NOT counted in the 70%**



## ***Calculation of amount of aid to be returned***

- Multiply the % of the payment period or period of enrollment completed (or 100% once the student completes >60%) **X** the aid that was disbursed or could have been disbursed. **This is the earned amount.**
- Subtract the earned amount from the aid disbursed as of the date of the institution's determination that the student withdrew.



# ***Return of Unearned Aid – Institution***

**Institution** returns the **lesser** of --

1.) amount disbursed

- amount earned

**(or)**

2.) institutional charges

x percentage not earned



# ***Return of Title IV funds***

- Student Responsibility
  - Total amount of unearned title IV aid - Amount institution is required to return = Amount for which the student is responsible.
  - Student returns his or her share to --
    - Title IV loan programs in accordance with the terms of the loan
    - Title IV grant programs as an overpayment (only up to 50% of the amount of the overpayment).



## ***Return of Title IV funds***

- Student Responsibility, (cont'd)
- **Title IV grant overpayment**
  - Student remains title IV elig. thru 45 days, if the student -
    - repays the overpayment in full to the institution,
    - makes repayment arrangements satisfactory to the institution, or
    - signs a repayment agreement w/ the Secretary which will include terms that permit continued elig. while in repayment.



# ***Return of Title IV funds***

## ■ 1.) Loans

- Fed. Unsubsidized
- Fed. Subsidized
- FPerkins
- FPlus

## 2.) Grants (& Other)

- FPell
- FSEOG
- Other title IV

- Institution must return the funds ASAP,
  - but no later than 30 days after the institution determines withdrawal date.

## ***Return of funds (con't)***

- Institution must determine the withdrawal date (for a student who does not provide notification) --
  - no later than 30 days after the expiration of the earlier of --
    - PP or POE,
    - the academic year, or
    - the educational program.



# ***Post-Withdrawal Disbursement***

- May credit for institutional charges.
- For loan funds to be credited - notify borrower because borrower can cancel or reduce loan.
- If not credited - offer to student (with written notification) within 30 days of institution's determination of withdrawal.
- Recipient has 14 days to accept - **but** - school can choose to make disbursement after that, if there is a late acceptance.

## ***Post-Withdrawal Disbursement***

- The written notification --
  - identifies the title IV funds not credited to account,
  - explains the ability of the student to accept or decline, and
  - advises about the 14 day deadline for the student to respond. (Then 120 days to disb. – up from 90 days.)
- Electronic or written notification regarding the outcome of a post-withdrawal disbursement request.



# ***Crediting the student's account***

- Inst. may credit the student's acct., without permission, to satisfy charges (prior to the WD) for;
  - Tuition & fees
  - Board - if contracted with the school
  - Room - if contracted with the school
- After obtaining authorization - may credit
  - current charges for educationally related activities
  - minor prior yr.. charges that are either less than \$100, or if paid, will not prevent the payment of current educational costs

## ***Rescinding withdrawal***

- Institution's choice
- Written notice required of student that
  - he is continuing in academic activities,
  - and intends to complete the period.
- Negated if student subsequently ceases to attend prior to the end of
  - the payment period or
  - the period of enrollment.



# *Approved leave of absence (LOA)*

- Nov. 1, 2002 final regulations – the sum of the total number of days in an approved LOA cannot exceed 180 days within a 12-month period
- Inst. must collect the student's reason for the requested LOA
- Formal policy that the student and institution followed

## ***Leave of absence (con't)***

- Reasonable expectation that the student will be able to return (and the student must return by the end of the leave of absence or the student is treated as a withdrawal),
- No additional institutional charges, **and**
- The student is permitted to complete the coursework.
- Must tell Title IV loan recipient that failure to return will affect grace period.



# ***Institutional Charges***

- For a non-term program, where the treatment of title IV aid is calculated on a PP basis, **but** the institutional charges are for a period longer than the PP --
  - the amount of institutional charges incurred for the PP is the **greater** of --
    - the pro rated amount of the charges, **or**
    - the amount of title IV aid retained for institutional charges.



## ***Student's Overpayment (con't)***

- Student in overpayment **remains eligible**
  - (generally) for 45 days **or**
  - until he fails to meet terms of repayment agreement.
  - beyond the 45days, if he
    - repays in full, **or**
    - enters into repayment agreement with either the inst or the secretary.



# ***Consumer Information***

- Institution must provide information about the return of title IV funds when a student withdraws per S 668.44 (.43 in new regs).
- Sec 668.43 requires information about --
  - any refund policy with which the institution is required to comply,
  - requirements for officially withdrawing,
  - summary of requirements of S 668.22.

# Definitions

- **“Could have been disbursed”** =  
late disbursement provisions of 668.164(g)
  - received SAR/ISIR w/ EFC changed to  
“the Secretary processed a SAR/ISIR w/ an  
official EFC” and
  - FFEL/DL loan was certified/originated
  - FPerkins/FSEOG aid was awarded
- **“Period of enrollment”** = academic period  
for which charges are assessed, i.e., the  
program or academic year

## ***Definitions con't***

- **“Date institution determines withdrawal”  
(for a student whose rescission of his  
notification to withdraw is negated by the fact  
that he subsequently stops attending the  
institution) =**
  - the date the institution becomes aware that  
the student did not or will not complete the PP or  
POE.

## ***Definitions con't***

- **“Date institution determines withdrawal”  
( when student does not return from leave of  
absence) =**

*the earlier of*    --the expiration of the leave **or**  
                          -- the date the student notifies  
                          the institution that he will  
                          not be returning.

## ***Definitions con't***

- **“Date institution determines withdrawal”  
(for a student whose rescission of his  
notification to withdraw is negated by the fact  
that he subsequently stops attending the  
institution) =**
  - the date the institution becomes aware that  
the student did not or will not complete the PP or  
POE.

## *Sample calculations*

- Let's look at some examples in your handouts.
- Example 1: Credit-hour - Bella Donna
- Example 2: Clock-hour – Wanna Gohome





# QUESTIONS ???

Questions ????

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## *Your presenter*

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